

Economic Impact Statement for Pipeline Safety Rule

Christopher Garbacz, Ph.D.

Director of Economics and Planning Division

Public Utilities Staff

P.O. Box 1174

Jackson, MS 39215-1174

Summary. As a result of the proposed rule each of the fifteen gas transmission systems in Mississippi would be required to designate one transmission operator to the Mississippi Public Service Commission, who would be required to undergo continuing education on an annual basis. Federal regulations require this rule modification. The cost would be minimal. Benefits would include enhanced safety and probably improved reliability for customers. These qualitative benefits would likely substantially outweigh any costs. This economic impact statement was prepared (8/27/2013) at the request of the Mississippi Public Service Commission. Mississippi Statutes require the following eleven areas to be addressed in preparing an economic impact statement.

1. Specific legal authority authorizing the promulgation of the rule:

Miss. Code Ann. 77-3-45.

2. Description of the need for the proposed action:

The amendment is needed to update the present Mississippi Public Service Commission Rule and bring it into compliance with Federal regulations.

3. Description of the benefits which will likely accrue as the result of the proposed action:

The rule outlines specific qualifications for natural gas operators which will result in safer operation of the systems. Enhanced system reliability that may result would also be beneficial.

4. Description of the effect the proposed action will have on the public health, safety and welfare:

The rule outlines specific qualifications for natural gas system operators which will result in safer operation of the systems. Enhanced system reliability that may result would also be beneficial.

5. An estimate of the cost to the agency, and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:

The cost to the agency can be handled within the present budget since it will be very small. Current employees can handle any additional work. Paperwork cost is minimal. Essentially someone will have to annually check the filing of each transmission system to verify compliance with the rule. There is little effect on state or local revenues except some minor sales tax collection related to travel for continuing education.

6. An estimate of the cost or economic benefit to all persons directly affected by the proposed action:

The cost to each of the fifteen transmission systems will be in the range of \$650 to \$1250 per year. The benefits are not quantifiable. Qualitative benefits may be substantial. See below under “data and methodology” for further discussion.

7. An analysis of the proposed rule on small business:

Some minor impact may be related to travel expenditures and continuing education.

8. A comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:

There is no alternative to the proposed rule since it is required by Federal regulations and must be implemented through the Mississippi Public Service Commission in the way proposed.

9. A determination of whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:

There are no reasonable alternative methods to achieve the purpose of the proposed rule.

10. A description of reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency and a statement of reasons for rejecting those alternatives in favor of the proposed rule:

There are no reasonable alternative methods to achieve the purpose of the proposed rule.

11. A detailed statement of the data and methodology used in making estimates required by this subsection:

As a result of the proposed rule each of the fifteen gas transmission systems in Mississippi would be required to designate one transmission operator to the Mississippi Public Service Commission (Commission), who would be required to have continuing education on an annual basis. The annual cost of continuing education (program cost plus travel) would be between \$650 and \$1250 per system. Data were provided by the Pipeline Safety Division of the Commission. Such a cost range would be a very small burden on any individual system. Regarding benefits, there is no definitive way to determine hard dollar benefits. However, it appears that qualitative benefits would exceed these minimal costs by providing additional assurance of trained operators to provide additional safety and possible enhanced system reliability. Assurance of reliability is quite important to business, industry and residential consumers. The Commission is committed to making sure that reliability of utility systems is at a high level, and this is another effort in that direction. Furthermore, the Commission is now required under Federal regulations to make sure that operators receive training on certain covered tasks before they can maintain and operate a natural gas system.